

Members

Sen. Patricia Miller, Chairperson
Sen. Greg Server
Sen. Connie Sipes
Sen. Timothy Skinner
Rep. Vaneta Becker
Rep. David Frizzell
Rep. Mae Dickinson
Rep. David Orentlicher



FSSA EVALUATION COMMITTEE

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Authority: P.L. 197-2003

MEETING MINUTES¹

Meeting Date: August 24, 2005
Meeting Time: 1 P.M.
Meeting Place: State House, 200 W. Washington St.,
Senate Chambers
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Sen. Patricia Miller, Chairperson; Sen. Connie Sipes; Sen. Timothy Skinner; Rep. David Frizzell; Rep. Mae Dickinson; Rep. David Orentlicher.

Members Absent: Sen. Greg Server; Rep. Vaneta Becker.

Sen. Pat Miller, Chairperson, called the meeting to order at 1:10 pm. She introduced the members of the Committee.

Outline of Administrative and Organizational Changes Proposed or Enacted by FSSA.

Sen. Miller called on Mr. Mitch Roob, Secretary, Family and Social Services Administration (FSSA), to discuss changes in the administrative and organizational structure of FSSA. Mr. Roob indicated that the major change that had occurred was separating the child services portion into a new agency headed by Judge Payne. This change left what he described as a health care financing organization. He indicated that Aging was separated from the Division of Disability, Aging, and Rehabilitative Services since it deserved more attention than it could receive in the combined division. Referring to a matrix (Exhibit A), Mr. Roob said that the agency funds health care in four key areas, and that the area of the matrix inside the red box represents Medicaid funding, while the area outside represents state and other funding. Mr. Roob indicated that this is a different way of looking at the agency's organizational structure. He said that responsibility for programs is being moved to line managers. Also, the Commissioner of the State Department of Health had a joint appointment as Medical Director of Medicaid. He said that, for time being, he does not believe the four areas within FSSA should be separated.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Mr. Roob addressed "spinning off" three state hospitals, by pointing out that last year the state funded the delivery of 51% of the children born in Indiana, but no FSSA staff delivered the babies nor were they born in an FSSA facility. He indicated that the goal was not to eliminate jobs of employees and that he anticipates that the contractors who operate the three facilities would hire those employees for some time. He also said that FSSA is in discussion with universities to operate the new LaRue Carter Center.

Turning to eligibility determination, Mr. Roob said that the slogan could be "we are people in service to technology." He said that the computer systems are not adequate since they are not relational databases, but green screens, and that masters-level social workers are turned into data enterers. Mr. Roob said that FSSA will have to do things better and faster to stay within the 5% budget increase. He pointed to a cart with 12 boxes saying that the boxes represent 1/10th of the current accounting system. He said that there is a total of 157 boxes to keep records for one year. Mr. Roob then asked Mr. Richard Rhoad, Chief Financial Officer, to discuss how the current and proposed accounting systems work.

Mr. Rhoad described the manual system necessary to answer accounting questions using the boxes and reports he brought to the meeting. He indicated that response time is measured in weeks. Mr. Roob then announced that FSSA had reached agreement with IBM to provide a structure of an accounting system which will take until December 2006 for implementation. He estimated that the system would be available for preparation of the biennial budget in 2007.

In response to questions from Sen. Miller, Mr. Rhoad and Mr. Roob indicated that back data will not be entered based on cost/benefit considerations. Mr. Roob said that it would take a year and a half to create the accounting system and modify the business processes to the accounting system because they are starting from scratch. Mr. Roob explained that the accounting system is at the core of creating discernable outcomes to evaluate performance of FSSA. He indicated that a financial accounting system and a cost accounting system were needed to answer questions about performance and cost of services. He discussed the difficulty of containing growth in the out years without changes to the current accounting system. He described other changes made to lower administrative costs, including eliminating 15-minute billing increments in favor of annual billings and encouraging room-sharing. Mr. Roob indicated that FSSA would welcome legislation to institutionalize changes discussed or could continue operating as they are currently.

Rep. Mae Dickenson asked if they intended to privatize all of FSSA services. Mr. Roob said that there were three major personnel initiatives, including state hospitals and county offices. Sen. Timothy Skinner asked about the quality of service during transition. He said that he had asked a question a month ago and still had not received an answer. Sen. Skinner also asked about channeling outsourcing to Indiana business. Mr. Roob said that with the separation of child services, there was a good chance of accomplishing goals. He indicated that work plans were in place, but not finalized. They would provide a copy for the Committee when the detailed task-level items were complete. Mr. Roob also said that the hospitals will be taken over by Indiana-chartered not-for-profits. While the jobs for the eligibility piece will likely remain within Indiana, there is no business in Indiana of sufficient size to qualify for the contract. In response to a question from Rep. David Orentlicher, Mr. Roob indicated that the IBM contract for an accounting system was a partnership of IBM and Crowe Chizek and that all companies that bid had Indiana partners. Rep. David Frizzell commented that he appreciated the Secretary's honesty and that the sooner FSSA moved on an accounting system, the better care could be.

Sen. Miller asked about contracts and the bidding process and about Step Ahead Councils. Mr. Roob said that a review of the spending on Step Ahead Councils indicated that the dollars could be used more effectively by using them as leverage for the Medicaid Program. He was hopeful that Step Ahead Councils would continue without funding. Mr. Roob said that most of the

contracts (in terms of dollars) do not run through the traditional Department of Administration process. For example, Medicaid vendors, such as doctors, only agree to the fee schedule. Mr. Roob said that all of the large and professional services have been bid. Sen. Skinner then asked whether restructuring was finished. Mr. Roob indicated that he thinks FSSA is organizationally where he wants it to be, but that to be operationalized would require two to three years.

Public Testimony Concerning Proposed or Enacted Administrative and Organizational Changes

Sen. Miller called on Mr. David Warrick of AFSCME Council Number 62. Mr. Warrick said that employees had been told they would be talked to, but that it had not happened to date. He addressed the audit done by KPMG saying that he felt the comments on employees in the Food Stamp Program were incorrect based on the federal government rankings and bonuses the state has received for effectiveness. Mr. Warrick cautioned against privatizing the TANF eligibility function, pointing to examples from Arizona and Wisconsin. He said that Indiana would require a waiver from the federal government to privatize Food Stamps and TANF eligibility functions, and that process requires public input.

Mr. Warrick turned to state hospitals, giving examples of states (e.g., Florida, Arizona, Iowa, and Kansas) that are bringing back state hospitals. He said that these states had found that both community and hospital care were required. He talked about Vermont losing funding for its state hospital and the Vermont commissioner saying that the state had lost focus on institutions in favor of community care. In response to Sen. Connie Sipes' request for a copy of the comments, Mr. Warrick said that his organization was preparing a white paper and would provide the Committee copies.

Mr. Roob addressed Mr. Warrick's comments saying that as plans continue to evolve, it will be good to have input from lots of people. Mr. Warrick responded asking the Secretary to please communicate with them.

Sen. Miller then called on Ms. Lettie Oliver, Associate Director, AFSCME Council Number 62. Ms. Oliver indicated that in previous situations referred to by Mr. Roob, RFPs had specific language that employees would get equal or better pay, but that in the new RFI/RFP, she had not seen the same language. She said that the employees had testified in 1993 that computer systems were antiquated, but that the KPMG report seems to penalize workers for systems failures. She said that additional nursing positions that were promised in privatization of some Department of Correction (DOC) facilities have not materialized and that equal or better benefits have not been seen. Ms. Oliver questioned whether it is appropriate to contract services for vulnerable citizens and whether there would be open access if privatized. She concluded by saying that problems with FSSA do not mean that we have to contract out.

Mr. David Larson, Indiana State Employees Association, discussed privatization at Wabash, a DOC facility. He recommended that we figure out where we stand before going ahead with changes.

Mr. Roob addressed the comments and answered questions from Rep. Frizzell and Rep. Dickenson. He said that he had talked with people from AFSCME. He also said that the need for legislative approval on changes would depend on the model finally chosen. He said that waivers may be needed, as pointed out previously. Sen. Sipes asked if Mr. Roob had an organized intention to meet with employees to eliminate fears or to discuss intentions. Mr. Roob said that he had met with thousands of employees around the state. He said that he had heard a lot of ideas. He said that asking employees to deal with difficult situations and long hours was not uncommon with the Indiana Client Eligibility System (ICES) being difficult to run and that

FSSA needed technology to meet its challenges. He also said that he will continue to meet with employees. Sen. Sipes said that she thinks there is an obligation to meet with the leaders of employee organizations. She said that no one has all the answers, so it is important to put heads together.

Public Testimony Concerning the Administrative Dissolution of Step Ahead Councils.

Ms. Nona Leatherman, Executive Director, Noble County United Way, asked the Committee to consider the outcomes of eliminating funding for Step Ahead Councils by sharing with the Committee some of the outcomes for her county. (Exhibit B) Ms. Leatherman said that from its first award through June 2005, Noble County Step Ahead Council received \$240,000 and used the funds to leverage \$4.6 million in services for residents. In response to a question from Rep. Orentlicher, she indicated that the leverage included federal dollars.

When Sen. Miller asked for any other comments, Ms. Arlene Nunez rose to speak. She indicated that employees had known that the numbers from ICES were not correct because they counted workers. Ms. Nunez said that workers were concerned about job loss and retaliation. She indicated that one person had been employed by FSSA to tell workers what was happening, but that person had failed to be reassuring. She also said that in the Texas reorganization, faith-based organizations had promised to answer phones, reducing costs with volunteer efforts.

Next Meeting and Adjournment

The next meeting date was selected as October 12, 2005, at 1 pm. The meeting adjourned at 3:10 pm.